



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE MOTION OF)
PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY FOR APPROVAL OF CHANGES IN)
ITS ELECTRIC AND GAS SOCIETAL BENEFITS)
CHARGE RATES; FOR A CHANGE IN ITS)
ELECTRIC NON-UTILITY GENERATION)
CHARGE RATE; AND FOR CHANGES IN THE)
TARIFF FOR ELECTRIC SERVICE B.P.U.N.J.)
NO. 14 ELECTRIC AND CHANGES IN THE)
TARIFF FOR GAS SERVICE B.P.U.N.J. NO. 14)
GAS PURSUANT TO N.J.S.A. 48:2-21.1 AND)
N.J.S.A. 48:3-60)
DECISION AND ORDER
BPU DOCKET NOS. ER07050303
and GR07050304
OAL DOCKET NO. PUC 9002-07

(SERVICE LIST ATTACHED)

BY THE BOARD:

On May 7, 2007, Public Service Electric and Gas Company ("PSE&G," "Company," or "Petitioner") filed a motion (hereinafter referred to as "petition") with the New Jersey Board of Public Utilities ("Board") requesting approval for changes in its electric and gas societal benefits charge ("SBC") and its electric non-utility generation transition charge ("NGC") effective January 1, 2008. By this Decision and Order, memorializing action taken at its September 12, 2008 agenda meeting, the Board considers the Initial Decision rendered in this matter by Administrative Law Judge ("ALJ") Walter Braswell on June 18, 2008; exceptions to the Initial Decision filed by PSE&G and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"); and reply exceptions to the Initial Decision filed by PSE&G, Rate Counsel and Board Staff ("Staff").

BACKGROUND

Pursuant to the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 et seq., the Company's electric SBC and NGC were established by Orders in Docket Nos. EO97070461, EO97070462 and EO97070463 ("Electric Restructuring Order")¹. The Electric Restructuring Order also established the components of the SBC and the associated cost

¹ I/M/O Public Service Electric and Gas Company's Rate Unbundling, Stranded Costs and Restructuring Filings. Docket Nos. EO97070461, EO97070462, and EO97070463 (August 24, 1999).

recovery mechanisms. Pursuant to the Electric Restructuring Order, and to the extent that expenditures for these initiatives exceeded the amount of their cost recovery, the expenditures were subject to deferred accounting treatment for future recovery at the close of the transition period.

By Order dated July 22, 2002 in Docket Nos. ER02050303, EO97070461, EO97070462, and EO97070463 ("Deferral Order")², the Board required each electric utility to file a request for recovery of deferred expenses pertaining to unrecovered balances in the SBC, NGC, and Market Transition Charge ("MTC") and any transition period purchased power costs.

For purposes of resetting rates effective August 1, 2003, the NGC, MTC, and SBC deferral case issues were consolidated with the then-pending base rate case at the Office of Administrative Law ("OAL"). The proceeding concluded with a Stipulation dated June 6, 2003 ("June 2003 Settlement"). The Board issued a Summary Order dated July 31, 2003 adopting the June 2003 Settlement with certain modifications, followed by a Final Order dated April 22, 2004 ("Final Order")³. The Summary and Final Orders finalized the Company's SBC, NGC, and Basic Generation Service ("BGS") deferred cost components through the end of the transition period, July 31, 2003, and established new SBC and NGC rates effective August 1, 2003.

With respect to gas rates, EDECA provided that the Board shall order each utility to unbundle its rate schedules such that discreet services provided, which were previously included in the bundled utility rate, are separately identified and charged in its tariffs.

By Order dated March 17, 1999 in Docket No. GX99030121⁴, the Board established procedures and a procedural schedule for the natural gas rate unbundling filings required by EDECA, and directed the State's four gas public utilities to submit an unbundled rate compliance filing consistent with EDECA by April 30, 1999. This filing included a separate gas SBC to recover Remediation Adjustment Clause ("RAC") expenses, Demand Side Management ("DSM") program expenses, and other expenses reasonably incurred by the utility currently in rates and recoverable via the SBC pursuant to N.J.S.A. 48:3-60. On April 30, 1999, PSE&G filed its gas unbundled rate case pursuant to that Order. Pursuant to Board Order dated July 31, 2000 in Docket Nos. GX99030121 and GO99030124⁵, the gas unbundled rates became effective August 1, 2000 and the gas SBC was established.

² I/M/O the Petition of Public Service Electric and Gas Company for Approval of Changes in its Tariff for Electric Service, Depreciation Rates, and for Other Relief, Docket Nos. ER02050303, EO97070461, EO97070462 and EO97070463 (July 17, 2002).

³ I/M/O the Petition of Public Service Electric and Gas Company for Approval of Changes in Electric Rates, For Changes in the Tariff for Electric Service, B.P.U.N.J. No 14 Electric Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, for Changes in its Electric Depreciation Rates Pursuant to N.J.S.A. 48:2-18, and for Other Relief, Docket No. ER02050303 and I/M/O the Petition of Public Service Electric and Gas Company's Deferral Filing Including Proposals for Changes in its Rates for its Non-Utility Transition Charge (NTC) and its Societal Benefits Charge (SBC) for the Post Transition Period Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, Docket No. ER02080604 and I/M/O the Petition of Public Service Electric and Gas Company to Increase the Level of the Gas Demand Side Adjustment Factor and to Make Changes in the Tariff Rates B.P.U.N.J. No 12 Gas Pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60(a) 13 and N.J.A.C. 14:21-1 et. seq., Docket No. GR01040280 (April 22, 2004).

⁴ I/M/O The Rate Unbundling Filings By Gas Public Utilities Pursuant to Section 10, Subsection A of the Electric Discount and Energy Competition Act of 1999. Docket No. GX99030121 (March 17, 1999).

⁵ I/M/O Public Service Electric and Gas Company's Rate Unbundling filing Pursuant to Section 10, Subsection A of the Electric Discount and Energy Competition Act of 1999. Docket Nos. GX99030121 and GO99030124 (July 31, 2000).

COMPANY FILING

On May 7, 2007, PSE&G filed the instant petition and accompanying exhibits, including pre-filed direct testimony of Gerald W. Schirra, Director - Rates and Regulation, PSE&G. The rates proposed for PSE&G's electric SBC components (excluding Remediation Adjustment Charge ("RAC"), permanent Universal Service Fund ("USF") and Lifeline) were designed to produce an annual increase in revenues of \$37.64 million from electric customers. The rates proposed for the NGC were designed to recover approximately \$13.14 million in additional revenue on an annual basis. The resultant net annual revenue impact on electric customers was a \$50.78 million increase. The rates proposed for the gas SBC components (excluding RAC, permanent USF and Lifeline) were designed to produce an annual revenue increase of \$17.29 million. Updates to PSE&G's original filing were made on October 17, 2007 ("October 17 Update"). The October 17 Update, which included actual data through August 31, 2007 and proposed an effective date of January 1, 2008, contained electric SBC/NGC components designed to produce an annual increase in revenue of \$89.816 million and gas SBC rates designed to produce an increase in annual revenue of \$16.699 million.

On June 7, 2007, this matter was transmitted to the OAL and assigned to ALJ Braswell. A pre-hearing conference was held on September 13, 2007 and a pre-hearing Order was issued on October 28, 2007. Public hearings were conducted in New Brunswick, Hackensack, and Mount Holly, on December 4, 6, and 10, 2007, respectively.

On November 16, 2007, Rate Counsel filed the direct testimony of Andrea Crane. On December 21, 2007, the Company filed rebuttal testimony of Gerald W. Schirra.

On March 5, 2008, an evidentiary hearing was held before ALJ Braswell. Rate Counsel, the Company, and Staff filed Initial Briefs on April 7, 2008. Reply Briefs were subsequently submitted by the parties on April 21, 2008.

On May 12, 2008, ALJ Braswell issued an Order in this matter ("May 12 Order"). In the Order, ALJ Braswell concluded that any claim relating to lost revenues for the pre-June 1, 2006 period was resolved in a Settlement Agreement in PSE&G's prior SBC case⁶ ("2007 Settlement"), and therefore, the Company should not be permitted to recover lost revenues related to that period in this case. The ALJ further found that other than for the pre-June 1, 2006 lost revenues, and any outstanding adjustments, the actual and forecasted cost and expenses the Company sought to recover for the applicable period are prudent and are appropriately recovered through the SBC and NGC. In addition, in his May 12 Order, ALJ Braswell found that at the conclusion of the case, the record was unclear whether adjustments of \$178,258 for gas and \$133,809 for electric were attributed to pre-or post-June 1, 2006. Accordingly, on May 28, 2008, after the parties attempted to settle this issue, ALJ Braswell re-opened the record with regard to the amounts of \$178,258 for gas and \$133,809 for electric, and held a hearing at which PSE&G witness Gerald W. Schirra testified.

⁶ I/M/O the Motion of Public Service Electric and Gas Company for Approval of Changes in Its Electric and Gas Societal Benefits Charge Rates; for a Change in its Electric Non-Utility Generation Transition Charge Rate and for Changes in the Tariff for Electric Service B.P.U.N.J. No. 14 Electric and Changes in the Tariff for Gas Service B.P.U.N.J. No. 13 Gas Pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60, BPU Docket No. GR05080686, Order dated March 6, 2007.

INITIAL DECISION

On June 19, 2008, ALJ Braswell issued his Initial Decision and concluded the following:

With regard to the amount of \$1,753,775 that PSE&G sought to recover due to lost revenues, \$133,809 was for electric and \$1,619,966 was for gas. Of this amount PSE&G is allowed to recover post-June 1, 2006 gas lost revenues in the amount of \$159,708.

2. PSE&G is granted a total electric SBC/NGC revenue increase of \$89,682,191 and a total gas SBC revenue increase of \$15,238,742.

Exceptions

PSE&G

On July 2, 2008, PSE&G filed its exceptions to ALJ Braswell's Initial Decision. In its exceptions, PSE&G concurred with the majority of the factual findings of ALJ Braswell's May 12 Order, noting that ALJ Braswell concluded that the Company fully supported all elements of its requested electric NGC costs and proposed rate increase, as well as all elements of its electric and gas SBC costs and rate increases, with the exception of certain Standard Offer Program lost revenues. However, PSE&G took exception to ALJ Braswell's conclusion that the 2007 Settlement limited its ability to recover certain lost revenues in this case. The Company contended that ALJ Braswell, who was not involved in the prior case, had misinterpreted the language of the 2007 Settlement. PSE&G argued that the language in the 2007 Settlement does not refer to or limit the applicable time period that the energy savings that give rise to the lost revenues occurred, but merely gives other parties the right to review any lost revenues that PSE&G claimed after June 1, 2006. PSE&G further argued that the ALJ's conclusions regarding these lost revenues is contrary to basic ratemaking principles, Board precedent with respect to SBC cases and lost revenue true-up and recovery, and the Board-approved Standard Offer Programs that gave rise to the lost revenues.

PSE&G also took exception to ALJ Braswell's finding that \$1,441,708 of gas lost revenues related to pre-June 1, 2006 invoices. PSE&G contended that ALJ Braswell overlooked evidence that establishes that a portion of the \$1,441,708 in gas lost revenues was associated with energy savings in periods *after* June 1, 2006. The Company argued that even under the ALJ's interpretation of the 2007 Settlement, with which PSE&G disagrees, ALJ Braswell should have only disallowed \$1,401,792 of gas lost revenues.

PSE&G requested that the Board reverse ALJ Braswell's interpretation of the 2007 Settlement and instead find that PSE&G may recover all of the Standard Offer lost revenues at issue in this matter. Additionally, PSE&G requested that the Board issue a Final Order granting the requests the Company seeks in its Motion, as amended by its October 17, 2007 update.

Rate Counsel

In its exceptions filed on July 2, 2008, Rate Counsel stated that the Board should adopt ALJ Braswell's Initial Decision except for the portion of the Initial Decision granting PSE&G recovery of \$159,708 in gas lost revenues. Rate Counsel further urged the Board to adopt the recommendations of Rate Counsel contained its testimony, initial brief, and reply brief

disallowing recovery of the total amount of \$1,753,775 in lost revenues. Rate Counsel's exceptions are based on its position that the lost revenues of \$159,708 were not supported by the record evidence in this proceeding. Rate Counsel asserted that ALJ Braswell erred when he allowed PSE&G to provide additional documentation for lost revenue recovery and further erred in concluding that the Company had adequately supported its claim for \$159,708 in gas lost revenues.

Board Staff did not file exceptions

Replies to Exceptions

PSE&G

In response to Rate Counsel's exceptions, PSE&G argued that the Board should reject Rate Counsel's argument on the exceptions that the Board should adopt that portion of the Initial Decision disallowing recovery of lost revenues of \$1.4 million associated with Standard Offer contracts. PSE&G contended that Rate Counsel's arguments were based on ALJ Braswell's misinterpretation of the 2007 Settlement. The Company continued to assert that the record evidence in this matter fully supports PSE&G's position for recovery of all of its costs through the SBC and NGC rates. PSE&G further urged the Board to reject Rate Counsel's arguments that the Initial Decision should be modified to disallow the post-June 1, 2006 gas lost revenues of \$159,708 out of a subtotal of \$178,258. PSE&G states that any doubt among the parties and the ALJ as to the timing of the \$178,258 was addressed by the May 28, 2008 testimony of Gerald Schirra, and supported by Exhibit P-8, a 51 page document providing monthly details of the calculation of the \$178,258.

Rate Counsel

In response to PSE&G's claim that the Initial Decision is contrary to the 2007 Settlement, Rate Counsel asserted that the Company is ignoring the words of the Settlement and is, instead, arguing intent. Rate Counsel stated that the language in the 2007 Settlement is clear, only those revenues "lost" after June 1, 2006 would be considered in the Company's next SBC proceeding. Rate Counsel urged the Board to affirm the finding of ALJ and deny PSE&G's claim for lost revenues incurred prior to June 2006.

In its reply exceptions, Rate Counsel addressed PSE&G's claim that because the ALJ's reading of the 2007 Settlement was at odds with the Company's accounting procedures, the ALJ's decision is "contrary to common sense." Rate Counsel argued that if, by signing this document, PSE&G has violated basic principles of regulatory accounting, this is an issue for PSE&G to correct internally, not a cause for finding error on the part of the ALJ.

With regard to PSE&G's claim that truing up lost revenues, like other expenses recovered through the SBC, is a long-standing Board approved practice and policy, Rate Counsel argued that this does not obviate the fact that the Company signed a stipulation agreeing to seek recovery only for lost revenues incurred after June 1, 2006. Rate Counsel stated that the Board has, in fact, determined that the lost revenue recovery for New Jersey utilities "is no longer needed as an incentive for a utility to invest in energy efficiency and renewable energy which was the original rationale that supported this policy."⁷

⁷ Order, I/M/O Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for 2005-2008- Funding Allocation and Program Budget, BPU Docket No. EX04040276 (December 23, 2004).

Rate Counsel further argued that the Board should reject PSE&G's claim that the record evidence supports an additional recovery of \$39,916 in gas lost revenues. In its reply exceptions, Rate Counsel stated that PSE&G's "support" for this amount suffers from the same inadequacies as the listing provided in support of the Company's claimed \$159,708, which was discussed at length in Rate Counsel's exceptions to the Initial Decision.

Board Staff

In its reply exceptions, Staff requested that the Board deny the relief sought by PSE&G in its exceptions. Staff argued that while the ALJ's Initial Decision was based in part on the 2007 Settlement in the prior PSE&G SBC case, disallowance of PSE&G's claim for \$1,441,708 should also be based on PSE&G's lack of diligence managing its fiduciary obligation to ratepayers, who ultimately pay for lost revenues. Staff maintained that, as set forth in its initial and reply Briefs, PSE&G had a responsibility to notify the Board of any inefficiencies of its procedures and possible corrective action, and PSE&G chose to make no such notification.

DISCUSSION AND FINDINGS

The Board has carefully reviewed the record in this matter, including the petition, the ALJ's May 12, 2008 Order, the Initial Decision, and the exceptions and replies to exceptions filed by the parties. For the reasons discussed below, the Board modifies in part and adopts in part ALJ Braswell's Initial Decision.

While the Board has allowed the recovery of Standard Offer-related lost revenues, for the reasons set forth by ALJ Braswell in his May 12, 2008 Order, the Board FINDS that the language of the Settlement Agreement from the Company's last SBC case precludes recovery in the within matter of lost revenues other than lost revenues from June 1, 2006 forward. Accordingly, the Board rejects PSE&G's arguments to the contrary, which deviate from a plain reading of the terms of the Settlement Agreement.

With regard to Rate Counsel's request that the Board disallow recovery of the \$159,708 in gas lost revenues, after a review of the record, the Board FINDS that the record evidence supports post-June 1, 2006 gas lost revenues of this amount. As noted by ALJ Braswell in his Initial Decision, Exhibit P-8, submitted by PSE&G at the May 28, 2008 evidentiary hearing, supports a post-June 1, 2006 lost gas revenue amount of \$159,708. The invoices included in this amount are for post-June 1, 2006 lost revenues and were, based on the 2007 Settlement Agreement, to be reviewed in this proceeding. In addition, the Board notes that the information submitted in P-8 was extracted from another document in evidence, but presented in a different format. Therefore, the Board is not persuaded that the ALJ's Initial Decision should be modified to disallow the \$159,708.

After careful review, the Board concurs with PSE&G that under ALJ Braswell's interpretation of the 2007 Settlement Agreement, with which the Board concurs, only \$1,401,792 of the October 2006 booking should be disallowed because \$39,916 relates to post-June 1, 2006 lost revenues. The Board FINDS that allowing the amount of \$39,916 as sought by PSE&G's exceptions is in concert with the intent of ALJ Braswell's Initial Decision to base recovery on and after the June 1, 2006 date. Accordingly, the Board HEREBY MODIFIES the Initial Decision to allow PSE&G to recover \$39,916 in addition to the amount of \$159,708 allowed by the Initial Decision, for a total recovery of lost revenues of \$199,624. In all other respects not so modified,

the Board adopts the Initial Decision. Accordingly, for the foregoing reasons, the Board HEREBY ADOPTS IN PART AND MODIFIES IN PART the Initial Decision.

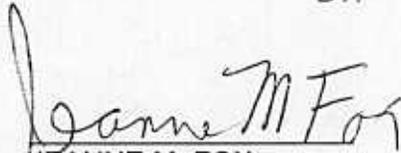
In addition, the Board HEREBY DIRECTS PSE&G to work with the Energy Service Companies ("ESCOs") to establish reasonably commercial standards for payment of invoices in the future. The Board finds the submission of old invoices makes it increasingly more difficult to verify the accuracy. Establishing standards for the future will benefit the ESCOs by allowing them to receive payments, as well as PSE&G with timelier recovery of eligible lost revenues.

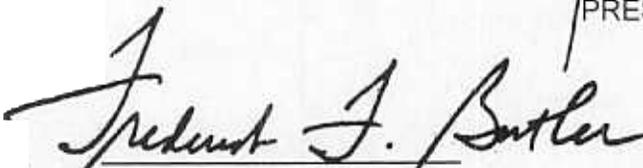
The Company's SBC and NGC expenses will remain subject to audit by the Board. The audit of the SBC and NGC shall not be limited to the currently pending audit in I/M/O the Deferred Balances Audit of Public Service Electric and Gas Company, Deferred Audit Phase II, August 2002 through July 31, 2003, BPU Docket Nos. EX02060363 and EX02060366. This decision shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any Board ordered audit.

Further, the Board HEREBY DIRECTS the Company to file tariffs consistent with the Board's findings within five (5) business days of this Board Order.

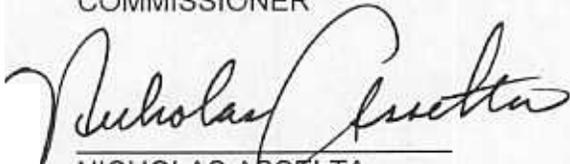
DATED: 12/8/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

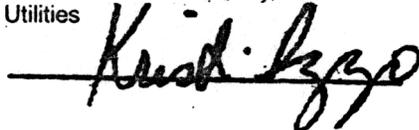

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities





State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

**ORDER ON MOTION SEEKING CHANGES IN
PSE&G'S ELECTRIC SOCIETAL BENEFITS
CHARGE ITS ELECTRIC NON-UTILITY
GENERATION CHARGE AND ITS GAS SBC**

OAL DKT. NO. PUC 9002-07

AGENCY DKT. NO. ER07050303 and GR 07050304

**IN THE MATTER OF THE MOTION OF PUBLIC
SERVICE ELECTRIC AND GAS COMPANY FOR
APPROVAL OF CHANGES IN ITS ELECTRIC AND
GAS SOCIETAL BENEFITS CHARGE RATES; FOR
CHANGE IN ITS ELECTRIC NON-UTILITY
GENERATION CHARGE RATE, AND FOR CHANGES
IN THE TARIFF FOR ELECTRIC SERVICE AND
CHANGES IN THE TARIFF FOR GAS SERVICE**

(Service List Attached)

BEFORE WALTER M. BRASWELL, ALJ:

STATEMENT OF THE CASE AND PROCEDURAL HISTORY

This case involves Public Service Electric and Gas Company's (PSE&G or Company) annual Societal Benefits Charge (SBC) and Non-utility Generation Charge (NGC) rate filing. The SBC is applicable to both electrical and gas rates; the NGC only applies to electric rates. The SBC recovers cost related to certain social, energy efficiency, and renewable energy programs, as set forth in the Electric Discount and

Energy Competition Act of 1999 (EDECA), N.J.S.A. 48:3-49 et seq and specifically N.J.S.A. 48:3-60(a). The NGC, also established pursuant to EDECA, recovers the above market cost of BPU-approved power purchase agreements PSE&G entered into with non-utility generators pursuant to the Public Utility Regulatory Policies Act of 1978, 16USC section 823a et seq ("PURPA").

On May 7, 2007 PSE&G filed its Motion and accompanying exhibits with the Board of Public Utilities (Board or BPU) seeking changes in its NGC and its gas SBC. The original filing, which were based on actual data through March 31, 2007, sought to recover through the electric SBC approximately \$37.640 million in additional annual revenues from electric customers beginning on January 1, 2008. The rates proposed for the NGC were designed to recover approximately \$13.140 million in additional revenue on an annual basis. The resultant net annual revenue impact on the electric customers would have been a \$50.780 million increase. The rates originally proposed for the gas SBC components (excluding RAC, Permanent USF, and Lifeline) were designed to recover approximately \$17.290 million in additional annual revenues from gas customers beginning on January 1, 2008.

On October 17, 2007, after the Board had transmitted this case to the Office of Administrative Law (OAL), PSE&G filed an update to its Motion, based on actual data through August 31, 2007. The October 17, 2007 update consisted of the supplemental direct testimony and revised scheduled of Gerald W. Schirra, as well as revised Exhibits E (typical bill impacts) and F (public notice). Based on the update, the proposed rates would result in an increase in electric SBC/NGC rates of approximately \$89.816 million on an annual basis, which corresponds to an annual bill increase of 1.35% on a class average residential customer. For the gas SBC, the proposed rates would result in an increase of approximate \$16.699 million on an annual basis, which corresponds to an annual bill increase of 1.35% on a class average residential customer.

January 1, 2008

The Company published notice of the requested rate changes in newspapers of general circulation in its electric and gas service territories at least twenty days prior to the first scheduled public hearing. On December 4, 6, and 10, 2007, the OAL conducted public hearings in New Brunswick, Hackensack, and Mount Holly, respectively. No members from the public appeared at the public hearings.

On November 16, 2007, the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) filed the direct testimony of Andrea C. Crane. On December 21, 2007, the Company filed Mr. Schirra's rebuttal testimony. An evidentiary hearing was held on March 5, 2008.

In this proceeding PSE&G seeks a ruling from this court pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60 that:

1. The actual and forecast cost and expenses the Company seeks to recover for the applicable period were prudent and are appropriately recovered through the SBC and NGC;
2. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17, 2007 update, schedule GWS-2(updated) are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter.

As correctly stated in its initial brief, PSE&G indicates that rate counsel has not challenged PSE&G's proposed NGC rates and has not challenged any aspect of the Company's proposed SBC rates with the exception of certain issues relating to Standard Offer ¹ Program lost revenues. As a footnote on page 9 of its initial brief PSE&G defines lost revenues as follows:

" Lost revenues is the colloquial name for the "fixed cost revenue erosion" that occurs when demand side management or other similar

¹ Standard Offer Program contracts are the contracts that PSE&G has with certain customers pursuant to provisions of EDECA. The Standard Offer Program consists of Standard Offers 1, 2 and 3. Each of the Standard Offer contracts were approved by the BPU in separate proceedings before the BPU.

measures reduces electricity or gas usage and therefore results in a reduction in the utilities recovery of its fixed cost through rates.

Regarding the recovery of lost revenues PSE&G correctly states on page 9 of its initial brief that "it is beyond dispute that the Board has approved the Company's recovery of such lost revenues through the SBC (in its predecessor clauses) in numerous prior Orders. PSE&G has been recovering Standard Offer lost revenues through the SBC and the predecessor rate clauses since the outset of the Standard Offer Program in the early 1990's."

On page 10 of its initial brief PSE&G goes on to state that

The Company's recovery of Standard Offer lost revenues has been consistently approved by the Board since the commencement of its Demand Side Management (DSM) program in early 1990's pursuant to the Board's DSM regulations (formally codified at N.J.A.C. 14:12 et seq) PSE&G has filed DSM resource plans with the Board resulting in the approval and implementation of three Standard Offers. The Board approved the recovery of lost revenue associated with each of Standard Offer 1, 2, and 3 in its Orders approving each.

Regarding PSE&G's request for the recovery of lost revenues Rate Counsel at page three of its brief responds as follows:

Rate Counsel witness Andrea Crane recommended a reduction in the Company's claim for a \$16.699 million increase in gas SBC revenues of \$1,441,708 for certain claimed lost revenues for which the company is seeking recovery through the Energy Efficiency and Renewable Energy ("EE&RE") component of the SBC. Ms. Crane testified that this reduction was proposed to eliminate amounts relating to lost revenues incurred prior to June 1, 2006. Ms. Crane further recommended that gas EE&RE proposed revenues should be reduced by \$178,258.00 for claimed lost revenues that have not been shown to relate to energy savings generated after June 1, 2006. In addition, Ms. Crane testified that the company's request for an increase in electric SBC revenues of \$89.8 million should be reduced by \$133,809 to eliminate amounts relating to lost revenues associated with energy savings purportedly occurring prior to June 1, 2006. The total proposed disallowance is \$1,753,775.00.

the Board's Staff at page 9 of its initial brief states that:

"the Board's previous Orders addressing lost revenues related to Standard Offer contracts allowed for true-ups against what was included in rates on a forecasted basis, not to correct a protracted Company oversight. I/M/O Consideration and Determination of Public Service Electric and Gas Company's Demand Side Management Resource ("DSM") Plan Filed Pursuant to N.J.A.C. 14:12, BPU Docket No. EE 92020105, Order dated December 15, 1992, page 5. Board Staff submits that PSE&G's proposed lost revenue adjustments are not true-ups, but corrections made to PSE&G's error and oversight. Board staff submits that the company had responsibility to notify the Board regarding the inefficiencies of its procedures and possible corrective action. Although several SBC proceedings, as well as two gas base rate cases have occurred since the Company discovered its oversight in 2001, PSE&G waited until this proceeding to disclose that lost revenues related to the gas Standard Offers were not calculated or requested.

Staff concludes on page 9 of its initial brief that:

"Accordingly, Board staff respectfully submits that Your Honor and the Board find and determine that PSE&G's EE&RE claims should be reduced by \$1, 470, 913 to eliminate amounts related to alleged true-ups by the Company for the period November 1995 through August 2006.

Staff goes on to assert that "the Company's electric EE&RE claims should be reduced by \$133,809 plus applicable interest, to eliminate the claim for lost revenues incurred prior to the conclusion of the Company's last electric base rate case."

ISSUE

Thus, all parties basically agree that the Board has previously allowed the recovery of lost revenues. However, the issue in this case is whether the lost revenues that PSE&G is seeking to recover, in this filing, are precluded from recovery due to the language contained in a settlement signed by all parties in the last SBC filing of the Company. More particularly, the second provision contained on page 5 of that stipulation states as follows:

The parties agree that the Company's actual cost and expenditures through May 31, 2006, as set forth in its Motion and its Third Update, are reasonable and prudent, and appropriately recovered through the electric SBC/NTC and gas SBC. The Parties further agree that the forecast of costs and revenues for the electric SBC/NTC and gas SBC and the actual results for these items, including the appropriateness of any claimed lost revenues, from June 1, 2006 forward, will be reviewed in the Company's next SBC and NTC filing.

Based on the above language, both Rate Counsel and the Board's Staff maintain that only lost revenues from June 1, 2006 forward were agreed to be reviewed and considered in the Company's next SBC filing. Since Rate Counsel and Staff understood that the issue of "the appropriateness of any claimed lost revenues from June 1, 2006 forward," was deemed resolved, both parties maintain that pursuant to the 2006 stipulation, PSE&G is not entitled to collect revenues associated with energy savings that occurred prior to June 2006.

Regarding post June 2006 lost revenues on pg. 5 of its brief Rate Counsel states as follows:

"Indeed, the vast majority of the requested recovery is admittedly for invoices received prior to the June 2006 stipulation. Furthermore, even those few remaining invoices, not expressly assigned to the pre June 2006 timeframe, have not been adequately documented to allow recovery in this proceeding. Accordingly, all lost revenues claimed by the Company in this proceeding should be disallowed."

PSE&G answers Rate Counsel and staff assertions at pg. 2 in its reply brief by arguing that:

"Rate Counsel and Staff have misinterpreted the Settlement Agreement in the prior SBC case in an Ex Post Facto attempt to justify their challenge to lost revenue recovery."

More particularly, the PSE&G asserts that:

“the Settlement agreement in the prior SBC case ...does not preclude PSE&G from recovering the lost revenues it has requested in this case....”

As the Company has explained, in unrebutted testimony “the clear intent of this paragraph is to acknowledge that although the Settlement was executed in January 2007, it was based on actual data through May 31 plus forecast data. Therefore, the Parties agreed that any forecast data would be reviewed in the next SBC/NTC filing.

As further argued in PSE&G's reply brief, at page 3, it states that:

As Mr. Schirra explained, the reason the phrase “from June 1, 2006 forward” appears in paragraph 2 of the Settlement Agreement (offset by commas from the rest of the sentence) was to acknowledge that the rates agreed to in the settlement were based on forecast data from June 1, 2006 through the end of the relevant period. Moreover, this Paragraph gives PSE&G the explicit right to “claim” additional lost revenues in the future, and gives the other parties the right to review the “appropriateness” of any claimed lost revenues in the next SBC case. However, Paragraph 2 of the Settlement in no way precludes PSE&G from seeking to true-up prior period lost revenues, whether such a true-up is forecast versus actual data, for the receipt of additional invoices from ESCOs or to correct errors in prior calculations.

CONCLUSION AND ORDER

Examining the relevant language that appears in paragraph 2 of the Settlement it becomes evident that the two sentences in that paragraph address two different time periods. That is, the first sentence is addressing actual cost and expenditures through or up until May 31st of 2006 and the second sentence is addressing forecast and actual results, including the appropriateness of claimed lost revenues from June 1, 2006 going forward. Although, I agree that this paragraph gives PSE&G “the explicit right to claim additional lost revenues in the future” I disagree with PSE&G's contention that the second sentence of the paragraph allows PSE&G to seek true-up of pre June 1, 2006 lost revenues or to correct errors in prior calculations.

Accordingly, I agree with Rate Counsel's assessment of paragraph 2 of the settlement where on page 10 of her testimony Andrea Crane is asked:

"Was the issue of lost revenues addressed in the Company's last SBC proceeding?" And she answers, "Yes, it was in that case, the Company also contended, as it is doing here, that much of its claim for lost revenues related to revenues that were lost in earlier periods, but which for whatever reason had not been recorded, or had been recorded incorrectly, in those periods. In spite of concerns about the Company's recording of lost revenues, Rate Counsel did not make any adjustment to PSE&G's lost revenue claims in the last case. However, in that case, the issue of lost revenues up to and including June 1, 2006 was deemed resolved. ...Therefore, the issue of lost revenues prior to June 1, 2006 was fully addressed and resolved in the last case."

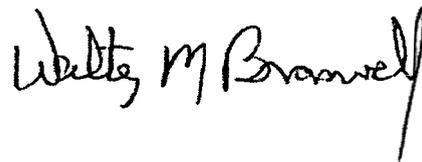
In this proceeding the Company is seeking the recovery of \$1, 753,775 in lost revenues. The major portion of that amount (\$1,441,708) relates to pre June 1, 2006 invoices. \$178,258 of the remaining amount relates to a combination of pre and post June 1, 2006 invoices and \$133,809 relates to electric lost revenues. Since the record is unclear on exactly what portion of the \$178,258 gas and \$133,809 electric invoices are for pre June 1, 2006 lost revenues, if PSE&G wants to pursue these two adjustments, the parties are Hereby Directed to attend a settlement conference at the Office of Administrative Law. If a settlement is not reached the record will be reopened to hear testimony on these two issues. The date for the settlement conference will be arranged by my secretary.

The Settlement Agreement specifically gave the Company the right to seek recovery of lost revenues "from June 1, 2006 forward". I **CONCLUDE** that any claim relating to lost revenues for the pre June 1, 2006 period was resolved in the Settlement Agreement and therefore the Company should not be permitted to recover lost revenues related to that period in this case. Therefore, the recovery of pre June 1, 2006 lost revenues is **DENIED** and, I **ORDER** that:

1. Other than for pre June 1, 2006 lost revenues, and any outstanding adjustments, the actual and forecast cost and expenses the Company seeks to recover for the applicable period are prudent and are appropriately recovered through the SBC and NGC.

2. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17, 2007 update, (subject to the deletion of pre June 1, 2006 lost revenues, adjustments resulting from the above referenced \$178,258 gas and \$133,809 electric invoices and any other appropriate adjustments) Schedule GWS-2(updated) are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter.

This order may be reviewed by **BOARD OF PUBLIC UTILITIES** either upon interlocutory review pursuant to N.J.A.C. 1:1-14.10 or at the end of the contested case, pursuant to N.J.A.C. 1:1-18.6.



May 12, 2008

DATE
ljb

WALTER M. BRASWELL, ALJ



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. PUC 9002-07

AGENCY DKT. NOS. ER 07050303 and
GR 07050304

**IN THE MATTER OF THE MOTION OF PUBLIC SERVICE
ELECTRIC AND GAS COMPANY FOR APPROVAL OF
CHANGES IN ITS ELECTRIC AND GAS SOCIETAL
BENEFITS CHARGE RATES; FOR CHANGE IN ITS
ELECTRIC NON-UTILITY GENERATION CHARGE
RATE, AND FOR CHANGES IN THE TARIFF FOR
ELECTRIC SERVICE AND CHANGES IN THE TARIFF
FOR GAS SERVICE**

Gregory Einsenstark, Esq., Assistant Corporate Rate Counsel, for petitioner
(Public Service Electric and Gas Company)

Diane Shulze, Assistant Deputy Ratepayer Advocate
(Stefannie A. Brand M. Singh, Ratepayer Advocate)

Alex Moreau, Deputy Attorney General, and **Geoffrey Gerston**, Deputy
Attorney General for respondent (Anne Milgram, Acting Attorney
General of New Jersey, attorney)

Record Closed: May 28, 2008

Decided: June 18, 2008

BEFORE WALTER M. BRASWELL, ALJ:

STATEMENT OF THE CASE AND PROCEDURAL HISTORY

This case involves Public Service Electric and Gas Company's (PSE&G or Company) annual societal benefits charge (SBC) and non-utility generation charge (NGC) rate filing. The SBC is applicable to both electric and gas rates; the NGC only applies to electric rates. The SBC recovers costs related to certain social, energy efficiency, and renewable energy programs, as set forth in the Electric Discount and Energy Competition Act of 1999 (EDECA), N.J.S.A. 48:3-49 et seq., and specifically N.J.S.A. 48:3-60(a). The NGC, also established pursuant to the EDECA, recovers the above-market cost of BPU-approved power purchase agreements PSE&G entered into with non-utility generators pursuant to the Public Utility Regulatory Policies Act of 1978, 16 U.S.C.A. § 824a-3.

On May 7, 2007, PSE&G filed its motion and accompanying exhibits with the Board of Public Utilities (Board or BPU) seeking changes in its NGC and its gas SBC. The original filing, which was based on actual data through March 31, 2007, sought to recover through the electric SBC approximately \$37.640 million in additional annual revenues from electric customers beginning on January 1, 2008. The rates proposed for the NGC were designed to recover approximately \$13.140 million in additional revenue on an annual basis. The resultant net annual revenue impact on the electric customers would have been a \$50.780 million increase. The rates originally proposed for the gas SBC components (excluding RAC, Permanent USF, and Lifeline) were designed to recover approximately \$17.290 million in additional annual revenues from gas customers beginning on January 1, 2008.

On October 17, 2007, after the Board had transmitted this case to the Office of Administrative Law (OAL), PSE&G filed an update to its motion, based on actual data through August 31, 2007. The October 17, 2007, update consisted of the supplemental direct testimony and revised scheduled of Gerald W. Schirra, as well as revised Exhibits E (typical bill impacts) and F (public notice). Based on the update, the proposed rates would result in an increase in electric SBC/NGC rates of approximately \$89.816 million on an annual basis, which corresponds to an annual bill increase of 1.35% on a class

average residential customer. For the gas SBC, the proposed rates would result in an increase of approximately \$16.699 million on an annual basis, which corresponds to an annual bill increase of 1.35% on a class average residential customer.

The Company published notice of the requested rate changes in newspapers of general circulation in its electric and gas service territories at least twenty days prior to the first scheduled public hearing. On December 4, 6, and 10, 2007, the OAL conducted public hearings in New Brunswick, Hackensack, and Mount Holly, respectively. No members of the public appeared at the public hearings.

On November 16, 2007, the Department of the Public Advocate, Division of Rate Counsel, (Rate Counsel) filed the direct testimony of Andrea C. Crane. On December 21, 2007, the Company filed Mr. Schirra's rebuttal testimony. An evidentiary hearing was held on March 5, 2008.

In this proceeding PSE&G seeks a ruling pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1 and N.J.S.A. 48:3-60 that:

1. The actual and forecast costs and expenses the Company seeks to recover for the applicable period were prudent and are appropriately recovered through the SBC and NGC.
2. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17, 2007, update, schedule GWS-2 (updated), are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter.

As correctly stated in its initial brief, Rate Counsel has not challenged PSE&G's proposed NGC rates and has not challenged any aspect of the Company's proposed SBC rates, with the exception of certain issues relating to Standard Offer¹ Program lost

¹ Standard Offer Program contracts are the contracts that PSE&G has with certain customers pursuant to provisions of the EDECA. The Standard Offer Program consists of Standard Offers 1, 2 and 3. Each of the Standard Offer contracts were approved by the BPU in separate proceedings before the BPU.

revenues. In a footnote on page 9 of its initial brief PSE&G defines lost revenues as follows:

Lost revenues is the colloquial name for the "fixed cost revenue erosion" that occurs when demand side management or other similar measures reduces electricity or gas usage and therefore results in a reduction in the utilities recovery of its fixed cost through rates.

Regarding the recovery of lost revenues, PSE&G correctly states on page 9 of its initial brief that

it is beyond dispute that the Board has approved the Company's recovery of such lost revenues through the SBC (in its predecessor clauses) in numerous prior Orders. PSE&G has been recovering Standard Offer lost revenues through the SBC and the predecessor rate clauses since the outset of the Standard Offer Program in the early 1990's.

On page 10 of its initial brief PSE&G goes on to state:

The Company's recovery of Standard Offer lost revenues has been consistently approved by the Board since the commencement of its Demand Side Management (DSM) program in early 1990's pursuant to the Board's DSM regulations (formally codified at N.J.A.C. 14:12 et seq.) PSE&G has filed DSM resource plans with the Board resulting in the approval and implementation of three Standard Offers. The Board approved the recovery of lost revenue associated with each of Standard Offer 1, 2 and 3 in its Orders approving each.

Regarding PSE&G's request for the recovery of lost revenues, Rate Counsel at page three of its brief responds as follows:

Rate Counsel witness Andrea Crane recommended a reduction in the Company's claim for a \$16.699 million increase in gas SBC revenues of \$1,441,708 for certain claimed lost revenues for which the company is seeking recovery through the Energy Efficiency and Renewable Energy ("EE&RE") component of the SBC. Ms. Crane testified that this reduction was proposed to eliminate

amounts relating to lost revenues incurred prior to June 1, 2006. Ms. Crane further recommended that gas EE&RE proposed revenues should be reduced by \$178,258.00 for claimed lost revenues that have not been shown to relate to energy savings generated after June 1, 2006. In addition, Ms. Crane testified that the company's request for an increase in electric SBC revenues of \$89.8 million should be reduced by \$133,809 to eliminate amounts relating to lost revenues associated with energy savings purportedly occurring prior to June 1, 2006. The total proposed disallowance is \$1,753,775.00.

The Board's Staff at page 9 of its initial brief states that

the Board's previous Orders addressing lost revenues related to Standard Offer contracts allowed for true-ups against what was included in rates on a forecasted basis, not to correct a protracted Company oversight. I/M/O Consideration and Determination of Public Service Electric and Gas Company's Demand Side Management Resource ("DSM") Plan Filed Pursuant to N.J.A.C. 14:12, BPU Docket No. EE 92020105, Order dated December 15, 1992, page 5. Board Staff submits that PSE&G's proposed lost revenue adjustments are not true-ups, but corrections made to PSE&G's error and oversight. Board staff submits that the company had responsibility to notify the Board regarding the inefficiencies of its procedures and possible corrective action. Although several SBC proceedings, as well as two gas base rate cases have occurred since the Company discovered its oversight in 2001, PSE&G waited until this proceeding to disclose that lost revenues related to the gas Standard Offers were not calculated or requested.

Staff concludes on page 9 of its initial brief:

Accordingly, Board staff respectfully submits that Your Honor and the Board find and determine that PSE&G's EE&RE claims should be reduced by \$1,470,913 to eliminate amounts related to alleged true-ups by the Company for the period November 1995 through August 2006.

Staff goes on to assert that "the Company's electric EE&RE claims should be reduced by \$133,809 plus applicable interest, to eliminate the claim for lost revenues incurred prior to the conclusion of the Company's last electric base rate case."

ISSUE

Thus, all parties basically agree that the Board has previously allowed the recovery of lost revenues. However, the issue in this case is whether the lost revenues that PSE&G is seeking to recover, in this filing, are precluded from recovery due to the language contained in a Settlement² signed by all parties in the last SBC filing of the Company. Addressing this issue in the Order on Motion, I concluded:

1. Other than for pre-June 1, 2006, lost revenues, and any outstanding adjustments, the actual and forecast costs and expenses the Company seeks to recover for the applicable period are prudent and are appropriately recovered through the SBC and NGC.
2. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17, 2007, update, (subject to the deletion of pre-June 1, 2006, lost revenues, adjustments resulting from the above-referenced \$178,258 gas and \$133,809 electric invoices and any other appropriate adjustments) Schedule GWS-2 (updated) are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter.

Additionally, the May 12, 2008, Order in this matter stated that "any claim relating to lost revenues for the pre-June 1, 2006, period was resolved in the Settlement Agreement and therefore the Company should not be permitted to recover lost revenues related to that period in this case." Although the May 12, 2008, Order clearly limited recovery of lost revenues to those attributed to post-June 1, 2006, at the conclusion of the case the record was unclear whether adjustments of \$178,258.00 for gas and \$133,809.00 for electric were attributed to pre- or post-June 1, 2006. Accordingly, at a hearing held on May 28 the parties attempted to settle this issue. Being unable to do so, the record was re-opened and PSE&G witness Gerald Schirra testified.

² Settlement in last SBC case dated January 19, 2007, executed by PSE&G, Rate Counsel, Geraw Ameristed Corp and Board Staff, Dkt. # PUC 5342-06, GR 05080686.

Mr. Schirra prepared Exhibit P-8. This exhibit is captioned "Work Papers Showing the Gas Lost Revenue Calculations for Bookings made Subsequent to October 2006" and supports a post-June 1, 2006, lost gas revenue amount of \$159,708.00. PSE&G acknowledged that no portion of the \$133,809.00 electric lost revenue is for the post-June 1, 2006, period. Of the remaining lost revenue, only \$159,708.00 for gas lost revenue is for the post-June 1, 2006, period.

CONCLUSION AND ORDER

Accordingly, based upon the foregoing I **CONCLUDE** that of the \$1,753,775.00 that PSE&G is seeking to recover due to lost revenues, \$133,809.00 is for electric and \$1,619,966.00 is for gas lost revenues. Consistent with the Order on Motion, I hereby **ORDER** that PSE&G is allowed to recover post-June 1, 2006, lost gas revenues, which amount to \$159,708.00. In conjunction with the increase authorized in the Order on Motion, I hereby **ORDER** that PSE&G is granted a total electric SBC/NGC revenue increase of \$89,682,191.00 and a total gas SBC revenue increase of \$15,238,742.00

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

OAL DKT. NO. PUC 09002-07

Within thirteen days from the date on which this recommended decision was mailed to the parties, any party may file written exceptions with the **SECRETARY OF THE BOARD OF PUBLIC UTILITIES, 2 Gateway Center, Newark, NJ 07102**, marked "Attention: Exceptions." A copy of any exceptions must be sent to the judge and to the other parties.

June 18, 2008
DATE

Walter M. Braswell
WALTER M. BRASWELL, ALJ

Date Received at Agency:

June 18, 2008

Mailed to Parties:

Lucia Sardis

DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE
OFFICE OF ADMINISTRATIVE LAW

JUN 19 2008
DATE
ljb
FILE

Andrew Dembia
Assistant Corporate Rate Counsel

PSEG Services Corporation
80 Park Plaza – T5, Newark, New Jersey 07102-4194
973-430-6145
Andrew. Dembia @pseg.com



July 2, 2008

I/M/O the Motion of Public Service Electric and Gas Company for Approval of Changes in its Electric and Gas Societal Benefits Charge Rates; for a Change in its Electric Non-Utility Generation Charge Rate, and for Changes in the Tariff for Electric Service B.P.U.N.J. No. 14 Electric and Changes in the Tariff for Gas Service B.P.U.N.J. No. 14 Gas

BPU Docket Nos.: ER07050303 and GR07050304
OAL Docket No. PUC 09002-07

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

ATTN: EXCEPTIONS

Dear Secretary Izzo:

Pursuant to N.J.A.C. 1:1-18.4, please accept for filing an original and ten copies of the Exceptions to the Initial Decision in the above-referenced matter on behalf of Public Service Electric and Gas Company (PSE&G, Public Service, or Company).

Introduction

PSE&G concurs with the majority of factual findings and conclusions in the Initial Decision and the ALJ's May 12, 2008 Order¹. Notably, ALJ Braswell concluded that the Company fully supported all elements of its requested electric Non-utility Generation Charge (NGC) costs and proposed rate increase, as well as all elements of its electric and gas Societal Benefits Charge (SBC) costs and rate increases, with the exception of certain Standard Offer Program lost

revenues (lost revenues). Initial Decision at p. 6. However, PSE&G takes exception, in the strongest possible terms, to the Initial Decision's conclusion that the Settlement Agreement in the Company's prior SBC case (2007 Settlement Agreement) limited its ability to recover certain lost revenues in this case. Simply put, ALJ Braswell, who was not involved in that prior case, has misinterpreted the clear language of the 2007 Settlement Agreement and thereby arrived at a conclusion that is contrary to basic ratemaking principles, BPU precedent with respect to SBC cases and lost revenue true-up and recovery, and the Board-approved Standard Offer Programs that give rise to the lost revenues.

**Findings of Fact, Conclusions of Law, or Dispositions to which
PSE&G Takes Exception**

Pursuant to N.J.A.C. 1:1-18.4(b)(1), PSE&G takes exception to the following portions of the Initial Decision and May 12 Order:

“Although I agree that this paragraph gives PSE&G ‘the explicit right to claim additional lost revenues in the future’ I disagree with PSE&G’s contention that the second sentence of the paragraph allows PSE&G to seek true-up of pre June 1, 2006 lost revenues or to correct errors in prior calculations.” [Initial Decision at p. 6, citing May 12 order at p. 7]

“In this proceeding the Company is seeking the recovery of \$1,753,775 in lost revenues. The major portion of that amount (\$1,441,708) related to pre June 1, 2006 invoices.” [May 12 order at p.8]

“The Settlement Agreement specifically gave the Company the right to seek recovery of lost revenues ‘from June 1, 2006 forward’. I **CONCLUDE** that any claim relating to lost revenues for the pre June 1, 2006 period was resolved in the Settlement Agreement and therefore the Company should not be permitted to recover lost revenues related to that period in this case. Therefore, the recovery of pre June 1, 2006 lost revenues is **DENIED . . .**” [May 12 order at p. 8; Initial Decision at p. 6].

¹ The ALJ issued an interim Order ruling on certain issues on May 12, 2008.

PSE&G also takes exception to the total amount of electric SBC/NGC and gas SBC revenue increases set forth in the Initial Decision, because they inappropriately exclude certain lost revenues. Initial Decision at p. 7.

Argument On Exceptions

I. The ALJ's Conclusions Regarding the 2007 Settlement Agreement are Contrary to the Language and Intent of that Agreement and the Evidence in this Case, as well as the Board's Precedent Regarding Rate Clause Cases and Standard Offer Lost Revenue Recovery.

The ALJ's conclusions regarding lost revenues are contrary to the language and intent of the 2007 Settlement Agreement, as well as the record evidence in this case. Moreover, the end result of the ALJ's misinterpretation of the 2007 Settlement Agreement is contrary to the Board's practice and precedent in rate clause cases like the SBC, as well as its orders approving recovery of Standard Offer lost revenues.

The language from the 2007 Settlement Agreement in dispute is:

The Parties agree that the Company's actual costs and expenditures through May 31, 2006, as set forth in its Motion and its Third Update, are reasonable and prudent, and appropriately recovered through the electric SBC/NTC and gas SBC. The Parties further agree that the forecasts of costs and revenues for the electric SBC/NTC and gas SBC and the actual results for these items, including the appropriateness of any claimed lost revenues, from June 1, 2006 forward, will be reviewed in the Company's next SBC and NTC filing.

As PSE&G witness Gerald W. Schirra explained in his rebuttal testimony, this language was only intended to document that the rates agreed to in the 2007 Settlement were based on actual data through May 31, 2006:

The clear intent of this paragraph is to acknowledge that although the Settlement was executed in January 2007, it was based on actual data through May 31, 2006, plus forecast data. Therefore, the Parties agreed that any forecast data would be reviewed in the next SBC/NTC filing.

[Exhibit P-4, p. 3, line 24 – p. 4, line 2].

As Mr. Schirra further testified, the reference to lost revenues in the latter portion of the subject paragraph gave parties to future SBC case the right to review any claims for lost revenues that the Company might make on June 1, 2006 or later:

Even if one were to interpret this paragraph to impact future lost revenue recovery, contrary to Ms. Crane's claim, the Settlement Agreement specifically provided the opportunity for further lost revenue recoveries, stating: "The parties further agree that the forecasts of costs and revenues for the electric SBC/NTC and gas SBC and the actual results for these items, including the appropriateness of any *claimed lost revenues, from June 1, 2006 forward*, will be reviewed in the Company's next SBC and NTC filing." (emphasis added, Settlement Agreement, paragraph 2). In her Direct Testimony, Ms. Crane is taking issue with lost revenues *claimed* after June 1, 2006. The fact that the actual energy savings that caused the lost revenues that are being *claimed* after June 1, 2006 actually related to energy savings that occurred prior to June 1, 2006 is immaterial. (Schirra Rebuttal Testimony, Exhibit P-4, p. 3, line 8 – p. 4, line 14

The lost revenues in dispute in this matter (and impacted by the ALJ's decision) are ones that PSE&G claimed (and recorded on its official book of accounts as income) after June 1, 2006.² Thus, as Mr. Schirra testified (and which no witness rebutted in the record of this case), nothing in the 2007 Settlement Agreement refers to or limits the applicable time period that the energy savings that give rise to the lost revenues occurred. The 2007 Settlement merely gives other parties the right to review any lost revenues that PSE&G claimed from June 1, 2006 forward. It contains absolutely no reference to, let alone a limitation on, the time period in which the underlying energy savings occurred. Accordingly, the ALJ's conclusion that "any claim relating to lost revenues for the pre June 1, 2006 period was resolved in the Settlement Agreement" (May 12 order at p. 8) is clearly erroneous based on both the language of the 2007 Settlement Agreement and Mr. Schirra's un-rebutted testimony. Consequently, the Board must reverse this conclusion and rule that the 2007 Settlement Agreement does not limit the Company's ability to recover the lost revenues at issue here.

² This includes the \$1,441,708 of gas lost revenues that PSE&G booked in October, 2006.

A. The Initial Decision's Interpretation of the 2007 Settlement Agreement Would Lead to a Result that is Contrary to Standard Regulatory Accounting and Internal Controls.

The Initial Decision's clearly wrong interpretation of the 2007 Settlement Agreement is also at odds with the chronology of events and PSE&G's standard accounting procedures and internal controls process. The parties executed the 2007 Settlement Agreement in January, 2007. However, PSE&G had booked lost revenues during the time period of June 1, 2006 through December, 2006, including the \$1,441,708 in gas lost revenues booked in October, 2006.³ If the ALJ's interpretation of the intent of the 2007 Settlement Agreement was correct, that would mean that PSE&G executed a settlement agreement in January 2007 nullifying more than \$1.5 million of lost revenues it had just booked over the prior six months. Not only is such an interpretation contrary to common sense, it is also contrary to basic principles of regulatory accounting. If the Company had intended in January 2007 to forego lost revenues it had just booked, its accountants would have required recording a charge against income (i.e., a "write-off") for these amounts. However, no such write-off was recorded, as evinced by these lost revenues remaining on the Company's books during this proceeding. Therefore, the ALJ's findings with respect to the 2007 Settlement Agreement are also contrary to basic principles of regulatory accounting.

B. The Initial Decision's Interpretation of the 2007 Settlement Agreement would Lead to a Disallowance of Lost Revenues, Contrary to the Board's Practice and Precedent in Rate Clause Cases, as well as its Orders Approving Recovery of Standard Offer Lost Revenues.

As the ALJ found, the Company's right to recovery Standard Offer lost revenues is beyond dispute. May 12 order at p.4. However, the result of the ALJ's incorrect interpretation of the

³ These booked lost revenues involved energy savings that occurred during various periods from 1995 through 2006. See Exhibits RC-2; P-8.

2007 Settlement Agreement would lead to a disallowance of lost revenues, in direct contradiction to prior Board orders. Moreover, the ALJ's decision is contrary to the Board's long-standing practice and precedent to allow true-up and correction of prior-period calculation errors in the context of resetting clause rates like the SBC.

As Mr. Schirra explained during his testimony during the hearing, trueing up lost revenues, like other expenses recovered through the SBC, is a long-standing, BPU-approved practice. Transcript, p. 69, line 21 through p. p. 71, line 4. Notably, the true-up of lost revenues through a clause recovery mechanism was approved by the Board in its Orders approving Standard Offers No. 1, 2, and 3.⁴ Second, the true-up of prior period expenses is not only Board-approved, but is the essence of a rate clause mechanism like the SBC. PSE&G regularly reviews its activities under the Standard Offer Program, and makes corrective adjustments to both expenses and lost revenues regardless of whether the adjustment is in favor of ratepayers or the Company. Were the Board itself to conduct an audit and discover that the Company had made a calculation error with respect to certain expenses booked to the SBC, the Board would likely order the Company to make a correction in the next SBC case. Here, PSE&G on its own reviewed certain lost revenue calculations and corrected them. There is nothing improper about such a correction in the context of resetting SBC rates. Moreover, neither Rate Counsel nor BPU Staff cited to any legal precedent that prohibits the type of true-up PSE&G conducted within the context of a rate clause like the SBC.

Third, as Mr. Schirra testified, and as Rate Counsel Witness Crane admitted under cross-examining at the evidentiary hearing, in prior SBC cases PSE&G has trueed-up prior period lost

revenues on both a positive and negative basis – in other words, when it resulted in a credit in favor of customers and when it resulted in a net charge to customers. Transcript, p. 70, line 1 through p. 71, line 4; and p. 74, line 21 through p. 78, line 25. The Board has approved such true-up of lost revenues in prior cases – most notably in PSE&G’s most recent SBC case. Exhibit P-5 (March 6, 2007 BPU Order in BPU Dkt. No. GR05080686).

In fact, in the same SBC case that gave rise to the now-disputed 2007 Settlement Agreement, PSE&G true-up electric lost revenues to correct prior calculation errors that dated back several years. As Mr. Schirra explained in his testimony in that case (which is part of the record in the instant matter):

As of August 1, 2003, when new electric base rates went into effect, the Company no longer records electric lost revenues for the Standard Offer program savings produced after July 2003, since they are now incorporated in the new base rates. The lost revenue activity shown...is 1) lost revenue recorded for energy savings invoiced in the current month when the actual savings occurred prior to August 2003; 2) the reversal of estimated accrued lost revenue that occurred prior to August 2003; and, 3) the true-up of lost revenues previously recorded. (Exhibit P-7, p. 16, citing to Mr. Schirra’s direct testimony in BPU Dkt. No. GR05080686, at pp. 23-24)

Rate Counsel’s witness Crane, who testified in the Company’s prior SBC matter also, reviewed the Company’s proposed recovery of lost revenues, including the true-up of previously-recorded lost revenues, and concluded that the Company’s treatment of lost revenues was in accord with BPU policy:

Q. Does the Company’s filing comply with BPU policy regarding lost revenues?

A. Based on the Original Testimony filed by Mr. Schirra, it does appear that the Company’s filing complies with Board policy. (Exhibit P-7, Crane testimony in Dkt. No. GR05080686, at p. 17, emphasis added).

⁴ See PSE&G’s Initial Brief at Section IV.C.1. To avoid duplication of the record, PSE&G incorporates its Initial and Reply briefs filed with the Office of Administrative Law in the matter by reference.

Ms. Crane acknowledged this testimony during the evidentiary hearing in the instant matter. Transcript, p. 76, line 16 through p. 78, line 25. The Company's treatment of and request for Standard Offer lost revenues in the current case is virtually identical to that in its prior SBC case— which Rate Counsel agreed “complies with Board policy” and which the Board approved. Accordingly, the ALJ's conclusion that the Company should not be permitted to recover lost revenues based on a true-up of prior periods is contrary to Board precedent and must be reversed.

II. The ALJ's Finding that \$1,441,708 of gas Lost Revenues related to pre- June 1, 2006 invoices is Incorrect.

The ALJ found that \$1,441,708 in gas lost revenues that Rate Counsel challenged “relates to pre June 1, 2006 invoices.” May 12 order, p. 8. Thus, based on his erroneous interpretation of the 2007 Settlement Agreement, he recommended disallowance of the \$1,441,708. *Id.* However, the ALJ overlooked evidence that establishes that a portion of the \$1,441,708 in gas lost revenues was associated with energy savings in periods *after* June 1, 2006. Exhibit RC-2 (responses to RCR-28 and RCR-28 (corrected)). As shown in that Exhibit, \$39,916 of the \$1,441,708 relates to energy savings that occurred after June 1, 2006. Exhibit RC-2, pp. 16, 19, 22, 25, and 28. Accordingly, even under the ALJ's misinterpretation of the 2007 Settlement Agreement, he should have only disallowed \$1,401,792 of gas lost revenues (\$1,441,708 minus \$39,916).

Conclusion

For all the foregoing reasons, PSE&G respectfully requests that the Board modify the Initial Decision and:

- Reverse the ALJ's clearly erroneous interpretation of the 2007 Settlement Agreement and instead find that PSE&G may recover all of the Standard Offer lost revenues at issue in this matter;
2. Issue a Final Order granting the requests the Company seeks in its Motion, as amended by its October 17, 2007 update, including a determination that, pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.S.A. 48:3-60:
 - A. The actual and forecast costs and expenses the Company seeks to recover for the applicable period were prudent and are appropriately recovered through the SBC and NGC;
 - B. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17th, 2007 update, Schedule GWS-2 (updated) are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter, resulting in an increase in electric SBC/NT of approximately \$89.816 million on an annual basis; and an increase in the gas SBC rates of approximately \$16.699 million on an annual basis.

Respectfully submitted,

- C Attached Service List
Hon. Walter M. Braswell, ALJ



State of New Jersey
 DEPARTMENT OF THE PUBLIC ADVOCATE
 DIVISION OF RATE COUNSEL
 31 CLINTON STREET, 11TH FL
 P. O. BOX 46005
 NEWARK, NEW JERSEY 07101

JON S. CORZINE
Governor

RONALD K. CHIEN
Public Advocate
 STEFANIE A. BRAND, ESQ.
Director

July 2, 2008

Via Hand Delivery

Kristi Izzo, Secretary
 Board of Public Utilities
 Two Gateway Center
 Newark, NJ 07102

RE: Exceptions File
 I/M/O The Motion Of Public Service Electric And Gas Company For
 Approval Of Changes In Its Electric And Gas Societal Benefits Charge
 Rates; For Change In Its Electric Non-Utility Generation Charge Rate,
 And For Changes In The Tariff For Electric Service And Changes In The
 Tariff For Gas Service

BPU Docket No. ER07050303 and GR07050304
 OAL Docket No. PUC 9002-07

Dear Secretary Izzo:

Please accept for filing the original and 11 copies of the letter brief on exceptions from the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) in the above referenced matter. Kindly stamp the extra copy as "filed" and return it in the enclosed self-addressed, stamped envelope. Thank you very much for your attention to this matter.

ER 70503

INTRODUCTION

Rate Counsel has received the Initial Decision dated June 18, 2008 in the above referenced matter and files these exceptions to the conclusions of the Administrative Law Judge (ALJ) granting Public Service Electric and Gas Company (PSE&G or the Company) recovery of \$159,708 in gas lost revenues. *I.D.*, p. 7. Rate Counsel respectfully urges the Board of Public Utilities (Board or BPU) to adopt the Initial Decision except for that portion of the Initial Decision granting to PSE&G recovery for \$159,708 in gas lost revenues and to adopt the recommendations of Rate Counsel contained in our testimony, initial brief and reply brief filed below. We incorporate by reference the arguments and conclusions in those documents as if fully set forth herein. Rate Counsel believes that the record evidence in this proceeding supports our recommendations.

PROCEDURAL HISTORY AND STATEMENT OF FACTS

On or about May 7, 2007, PSE&G filed a Motion to increase the level of its electric and gas Societal Benefits Charge ("SBC") rates and to increase its Non-Utility Generation Charge ("NGC") rate. *P-1*. In support of this motion, the Company filed the Direct Testimony of Gerald W. Schirra, the Director - Rates and Regulation.

In the Motion as originally filed, PSE&G claimed that as of December 31, 2007, based on actual collections through March 31, 2007 and projected through December 31, 2007, the electric SBC would be under-recovered by \$17.603 million and the NGC costs were expected to be over recovered by \$12.419 million. *P-1*, p.9. The Company proposed to collect over a twelve month period effective January 1, 2008, the net under-

recovered balance of \$5.184 million, along with a proposed increase in SBC revenues of approximately \$37.640 million and an increase in NGC revenues of approximately \$13.140 million, resulting in a net annual revenue impact of \$50.780 million. *P-1, p.10.* On October 17, 2007, in an updated filing, the Company raised this requested increase in electric SBC/NGC rates to approximately \$89.816 million. *P-2.* The Company explained that this increase reflected a reduction in actual and forecasted revenue from sales of NUG power, coupled with an increase in NUG purchase power expense for a proposed increase in the NGC of \$52.456 million.

PSE&G's projected under-recovered gas SBC was \$20.437 million. *P-1, p.10.* The Company proposed to collect the projected under-recovered balance, along with estimated expenses for 2008, from gas customers over a twelve month period effective January 1, 2008. *Id.* The Company proposed a gas SBC rate increase of \$17.290 million. *P-1, p. 11.* In its October 17, 2007 updated filing, the Company modified this request to approximately \$16.699 million. *P-2.*

This matter was transmitted to the Office of Administrative Law ("OAL") on June 7, 2007 as a contested case. On September 13, 2007 the ALJ convened a pre-hearing conference and on October 28, 2007, a pre-hearing Order was issued.

On November 16, 2007, Rate Counsel pre-filed the direct testimony of Rate Counsel expert witness, Andrea Crane. *RC-6.* As will be more fully described below, Andrea Crane's testimony stated her recommendations to disallow costs relating to gas and electric lost revenues incurred prior to June 1, 2006. Ms. Crane also recommended that the Company should not earn interest on any NGC under-recoveries as PSE&G has failed to comply with the BPU requirement to file annual NUG mitigation reports.

On December 21, 2007 PSE&G prefiled the rebuttal testimony of its witness, Gerald W. Schirra. P-4

Public hearings were held on December 4 in New Brunswick, December 6 in Hackensack and December 10 in Mt. Holly. One evidentiary hearing was held at the OAL in Newark on March 5, 2008. At that hearing, the Company presented the direct and rebuttal testimony of Mr. Schirra and Rate Counsel presented the direct testimony of Andrea Crane. After the ALJ closed the record, a briefing schedule was agreed upon. Initial Briefs were filed on April 7, 2008 with Reply Briefs filed on April 21, 2008.

On May 12, 2008, the ALJ provided to the parties an Order on the Motion Seeking Changes in PSE&G's Electric Societal Benefits Charge Its Electric Non-Utility Generation Charge and its Gas SBC. In that Order, the ALJ rejected PSE&G's position that it was allowed to recover lost revenues prior to June 1, 2006 and accordingly denied the Company's request for recovery of pre-June 2006 lost revenues. *Order on Motion, p.8-9.*

On May 28, 2008, the ALJ determined that "the record is unclear" and re-opened the record to take additional testimony. T5:12 (May 28, 2008) At that hearing, PSE&G again called Mr. Schirra to the witness stand and Mr. Schirra testified again on the issue of PSE&G's lost revenues.

The ALJ's initial decision was filed with the Board on June 19, 2008.

**LEGAL ARGUMENT
POINT I**

THE BOARD SHOULD ADOPT THAT PORTION OF THE INITIAL DECISION DISALLOWING RECOVERY FOR LOST REVENUES OF \$1.4 MILLION ASSOCIATED WITH STANDARD OFFER CONTRACTS AND REJECT THAT PORTION OF THE INITIAL DECISION THAT WAS NOT SUPPORTED BY THE RECORD EVIDENCE IN THIS PROCEEDING, THAT IS, THAT PORTION OF THE INITIAL DECISION ALLOWING RECOVERY OF \$159,708 IN GAS LOST REVENUES.

As properly noted by the ALJ in his Initial Decision, the only unresolved issue at the time of the evidentiary hearing was the issue of whether PSE&G was entitled to recover from ratepayers its claim for “lost revenues,” that is, losses that the Company claims were incurred as a result of the implementation of various energy efficiency measures pursuant to three Standard Offer contracts approved by the Board in the 1990's. The ALJ, citing the stipulation of settlement signed by the parties in PSE&G's previous SBC filing and approved by the Board¹, found that the Company was not entitled to recover lost revenues for the period prior to June 1, 2006. That finding was consistent with the record evidence in this proceeding.

In her testimony, Rate Counsel witness Andrea Crane recommended a disallowance of \$1,441,708 for certain claimed lost revenues for which the Company sought recovery through the Energy Efficiency and Renewable Energy (“EE&RE”) component of the SBC. *RC-6, p.5*. Ms. Crane testified that this disallowance eliminated

¹ I/M/O The Motion Of Public Service Electric And Gas Company For Approval Of Changes In Its Electric And Gas Societal Benefits Charge Rates; For A Change In Its Electric Non-Utility Generation Transition Charge Rate And For Changes In The Tariff For Electric Service BPUNJ No 14 Electric And Changes In The Tariff For Gas Service BPUNJ No 13 Gas Pursuant To N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, And N.J.S.A. 48:3-60, BPU Docket No. GR05080686, Decision and Order Adopting Initial Decision, Settlement and Joint Position, March 6, 2007, (hereinafter, “2006 Settlement Agreement”).

amounts relating to lost revenues incurred prior to June 1, 2006. Ms. Crane further recommended that Gas EE&RE proposed revenues be reduced by \$178,258 for claimed lost revenues that had not been shown to relate to energy savings generated after June 1, 2006. In addition, Ms. Crane testified that the Company's request for an increase in electric SBC revenues of \$89.8 million should be reduced by \$133,809 to eliminate amounts relating to lost revenues associated with energy savings occurring prior to June 1, 2006. Ms. Crane's total recommended disallowance was \$1,753,775.

The basis for this recommendation was a specific provision in the 2006 Settlement Agreement which precluded recovery for these amounts. The language at issue from the 2006 Settlement Agreement reads as follows:

The Parties agree that the Company's actual costs and expenditures through May 31, 2006, as set forth in its Motion and its Third Update, are reasonable and prudent, and appropriately recovered through the electric SBC/NTC and gas SBC. The Parties further agree that the forecasts of costs and revenues for the electric SBC/NTC and gas SBC and the actual results for these items, including the appropriateness of any claimed lost revenues, from June 1, 2006 forward, will be reviewed in the Company's next SBC and NTC filings.

Based on the specific language of this 2006 Settlement Agreement, that only lost revenues from June 1, 2006 forward would be reviewed in the Company's next SBC filing, Rate Counsel witness Andrea Crane recommended disallowance of all lost revenues claimed for energy savings that occurred prior to June 1, 2006. Ms. Crane explained:

Most, if not all, of the Company's claim related to these earlier periods and therefore should be disallowed. As noted above, the Company is no longer recording lost revenues associated with electric Standard Offer programs. Therefore, all of its electric claim in this case relates to adjustments for periods prior to June 1, 2006.

With regard to PSE&G's claim for lost revenues associated with gas Standard Offer programs, at least \$1,441,708 of its claim relates to adjustments for periods prior to June 1, 2006, as discussed in the response to RCR-28. The additional \$178,258 of lost revenues included in the Company's filing, some of which was first claimed in the October 17th update, may pertain to additional prior period adjustments or may relate to lost revenues occurring after June 1, 2006.

Board Staff, in its Initial Brief, agreed with Rate Counsel's position that lost revenues claimed for prior periods should be disallowed. *SIB p. 9.*

The Company, on the other hand, argued that it had the "explicit right" to claim lost revenues for prior periods and claimed that "there is no reasonable interpretation of the Settlement that precludes the Company from trying up prior period lost revenues."

PSE&G RB p. 3. PSE&G concluded:

Rate Counsel has admitted in its brief that its entire challenge to lost revenue recovery is based on its erroneous interpretation of the Settlement. Staff's position merely parrots Rate Counsel's. Accordingly, because this interpretation is without merit, their entire argument fails and must be rejected.

PSE&G RB p.4.

PSE&G went on to argue that "the Company has fully documented the lost revenues at issue in this matter and sustained its burden of proof." *Id.*

Despite this assertion, the Company sought to inflate the record and improperly attached to its Reply Brief as "Exhibit A" its response to a discovery request from Rate Counsel which provided the result of the 2006 earnings test, a document that was not part of the record in this proceeding. Both Rate Counsel and Board Staff wrote to the ALJ objecting to the inclusion of this document without a proper foundation.

On May 12, 2008, the ALJ provided to the parties an Order on the PSE&G Motion. In that Order, the ALJ rejected PSE&G's contention that it was allowed to seek

lost revenues prior to June 1, 2006 and accordingly denied the Company's request for recovery of pre-June 2006 lost revenues. *Order on Motion, p.8-9.* The ALJ then further found:

In this proceeding the Company is seeking the recovery of \$1,753,775 in lost revenues. The major portion of that amount (\$1,441,708) relates to pre June 1, 2006 invoices. \$178,258 of the remaining amount relates to a combination of pre June 1, 2006 invoices and \$133,809 relates to electric lost revenues. Since the record is unclear on exactly what portion of the \$178,258 gas and \$133,809 electric invoices are for pre June 1, 2006 lost revenues, if PSE&G wants to pursue these two adjustments, the parties are Hereby Directed to attend a settlement conference at the Office of Administrative Law. If a settlement is not reached the record will be reopened to hear testimony on these two issues.

Order on Motion, p.8-9.

On May 28, 2008, the ALJ determined that "the record is unclear" and, based on that determination, reopened the record to take additional testimony. *T5:12 (May 28, 2008)* At that hearing, PSE&G again called Mr. Schirra to the witness stand and Mr. Schirra testified again on the issue of PSE&G's lost revenues. At the hearing, Mr. Schirra admitted that he does no independent verification of the amounts provided nor was any witness offered by the Company who could attest to the underlying numbers. According to Mr. Schirra, someone at PSE&G provides him with a summary list of amounts and then Mr. Schirra multiplies those amounts by some number to determine lost revenues. *T24:17-21 (May 28, 2008)*. Over the objection of Board Staff and Rate Counsel, the ALJ entered exhibit P-8 into evidence. In his Initial Decision, the ALJ found, without further explanation, that this exhibit "supports a post-June 1, 2006 lost revenue amount of \$159,708.00."

Rate Counsel respectfully requests that the Board reverse the ALJ's decision to allow the recovery of \$159,708 in gas lost revenues, which recovery is not supported by

the record. PSE&G chose to take the very aggressive position in this proceeding that all lost revenues were eligible for recovery and that therefore the Company had no obligation to provide specific information to the parties regarding, among other things, the invoice payee, the date the lost revenues were incurred and the date invoiced. PSE&G's entire case was based on the premise that it had the "explicit right" to recover any and all lost revenues claimed. When this position was rejected by the ALJ, the ALJ should have disallowed all lost revenues claimed by the Company under this position. Instead, the ALJ rejected PSE&G's case but allowed the Company the opportunity to present additional evidence based on a different legal position.

And, rather than provide the parties with comprehensive documentation regard the \$178,258 in gas lost revenues at issue, the Company merely provided another listing of numbers. That listing purported to break down the \$178,258 in gas lost revenues into pre and post June 1, 2006 time periods but failed to provide any back up for the claimed post June 2006 amounts. There was no opportunity for discovery on this document and the witness sponsoring this testimony was unable to provide additional support for these numbers, admitting that he had no personal knowledge of the invoices behind the summary numbers, he merely received a summary report from a different department within PSE&G and then multiplied the numbers in that summary report by some number to calculate lost revenues. *T17:23-18:12, T24:8-20 (May 28, 2008)*. The limited information provided by PSE&G in requesting recovery for the gas lost revenues at issue in this proceeding precludes the close scrutiny of the Company's accounts required in any BPU determination regarding the reasonableness of a utility's rates. I/M/O the Petition of Public Service Coordinated Transport, 5 N.J. 196, 218 (1950). The Board should reject

the ALJ's finding that exhibit P-8 adequately supported recovery of \$159,708 in gas lost revenues.

CONCLUSION

The ALJ properly decided that pursuant to the terms of the 2006 Settlement Agreement, PSE&G was denied recovery of all pre June 2006 lost revenues. The ALJ erred however when he allowed PSE&G to provide additional documentation for lost revenue recovery. The ALJ further erred in concluding that the Company had adequately supported its claim for \$159,708 in gas lost revenues. Rate Counsel takes exception to this conclusion of the ALJ and respectfully requests that the Board reject that portion of the Initial Decision and disallow recovery of the total amount of \$1,753,775 in lost revenues.

Respectfully submitted,

RONALD K. CHEN
PUBLIC ADVOCATE

Stefanie A. Brand
Director, Division of Rate Counsel

PSI 34c

By: s/ Diane Schulze
Diane Schulze
Asst. Deputy Public Advocate

c: Jeanne M. Fox, President
Frederick F. Butler, Commissioner
Joseph L. Fiordaliso, Commissioner
Nicholas V. Asselta, Commissioner
Elizabeth Randall, Commissioner
Hon. Walter Braswell (by hand delivery)
Service list (by hand delivery or regular mail)

R

Andrew Dembia
Assistant Corporate Rate Counsel

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973-430-6145
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July 10, 2008

I/M/O the Motion of Public Service Electric and Gas
Company for Approval of Changes in its Electric and
Gas Societal Benefits Charge Rates; for a Change in its
Electric Non-Utility Generation Charge Rate,
and for Changes in the Tariff for Electric Service B.P.U.N.J.
No. 14 Electric and Changes in the Tariff for Gas Service
B.P.U.N.J. No. 14 Gas

BPU Docket Nos.: ER07050303 and GR07050304
OAL Docket No. PUC 09002-07

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

ATTN: REPLY EXCEPTIONS

Dear Secretary Izzo:

Pursuant to N.J.A.C. 1:1-18.4(b) (3)(d), please accept for filing an original and ten copies of the Reply Exceptions to the Initial Decision in the above-referenced matter on behalf of Public Service Electric and Gas Company (PSE&G, Public Service, or Company).

ARGUMENT ON REPLY EXCEPTIONS

- I. **THE BOARD SHOULD REJECT RATE COUNSEL'S ARGUMENT ON EXCEPTIONS THAT THE BOARD SHOULD ADOPT THAT PORTION OF THE INITIAL DECISION DISALLOWING FOR RECOVERY FOR LOST REVENUES OF \$1.4 MILLION ASSOCIATED WITH STANDARD OFFER CONTRACTS.**

Rate Counsel's argument is based on the Administrative Law Judge's (ALJ) mis-understanding and mis-interpretation of the stipulation of settlement in the Company's prior Societal Benefits Charge (SBC) proceeding. See, Exhibit P-5. The record evidence in this matter fully supports PSE&G's position for recovery of all of its costs through Public Service's SBC and Non-Utility Generation Charge in this matter. This issue is addressed at length in the Company's Initial Brief, Reply Brief and Exceptions and for purposes of brevity, the Company will rely on those arguments set forth therein and incorporates those arguments herein by reference.

II. THE BOARD SHOULD REJECT RATE COUNSEL'S ARGUMENTS THAT THE INITIAL DECISION SHOULD BE MODIFIED TO DISALLOW THE POST-JUNE 1, 2006 GAS LOST REVENUES OF \$159,708 OUT OF A SUBTOTAL OF \$178,258.

Rate Counsel's argument here is that Ms. Crane recommended that PSE&G's SBC Gas Energy Efficiency and Renewable Energy (EE&ER) proposed revenues be reduced by \$178,258 for claimed lost revenues that had not been shown to relate to energy savings generated after June 1, 2006. See, Rate Counsel Exceptions at p. 6. Any doubt among the parties and the ALJ as to the timing of the \$178,258 was addressed by Exhibit P-8 which is a 51 page document providing monthly details of the calculation of the \$178,258. Further, Mr. Schirra provided testimony supporting this exhibit in the hearing on May 28, 2008. Based on this exhibit and the supporting testimony, the ALJ was able to find that \$159,708 related to the post-June 1, 2006 period, and should be recovered. See, Initial Decision at p. 7.

Rate Counsel further argues in its Exceptions at page 8 that "In his Initial Decision, the ALJ found, without further explanation, that this exhibit 'supports a post-June 1, 2006 lost revenue

amount of \$159,708.00”. Clearly, the ALJ did support his Initial Decision. The ALJ, in his Initial Decision at page 7 clearly states: “Mr. Schirra prepared Exhibit P-8. This exhibit is captioned ‘Work Papers Showing the Gas Lost Revenue Calculations for Bookings made Subsequent to October 2006’ and supports a post-June 1, 2006, lost revenue amount of \$159,708.00” As noted above, Exhibit P-8 is a 51 page detailed document that speaks for itself and that the ALJ has found it to support the Company’s position. Rate Counsel’s assertion that the ALJ has not supported his finding is without merit and should be rejected.

Rate Counsel further argues that with regard to supporting the \$178,258 in gas lost revenues “ .the Company merely provided another listing of numbers. That listing purported to break down the \$178, 258 in gas lost revenues into pre and post June 1, 2006 time periods but failed to provide any back up for the claimed post June 2006 amounts.” See Rate Counsel Exceptions at p. 9. As noted above, Exhibit P-8 provided 51 pages of workpapers to support the calculation of the \$178,258. Rate Counsel cannot now allege that the Company did not provide support for its lost revenues. Rate Counsel has not and cannot claim that it had any discovery questions related to the Company’s lost revenue claim that were not answered thoroughly and timely. No matter how much detail the Company provided, Rate Counsel simply argues, without basis, that more is needed. Rate Counsel even went so far as to challenge Mr. Schirra’s testimony on the basis that Mr. Schirra could not claim that he had personally reviewed each of the invoices. Rate Counsel is raising totally unreasonable arguments in a weak attempt to somehow discredit the Company’s procedures without raising the issue in testimony or discovery which would allow the Company an opportunity to respond. There are literally thousands of invoices in the Standard Offer program. Each is thoroughly reviewed and verified before payments are made. To suggest that Mr. Schirra should personally have reviewed each of these invoices is unreasonable and extreme.

Counsel for Public Service, Mr. Eisenstark, made this argument on the record:

The fact that he didn't personally review each and every invoice in the case is irrelevant. It's sort of like having a base rate case and they want to see every bill that was issued to our two million customers or they won't agree to the level of sales.

Mr. Schirra testified as to what's in the document, and it was prepared by him or under his supervision, and he's familiar with the derivation of the lost revenues and he explained it on the stand. (5/28/2008 TR p19, lines 9 through 19)

It is clear that the Company has fully documented the lost revenues in this matter and sustained its burden of proof. Therefore, Public Service is entitled to full recovery of all its lost revenues requested herein.

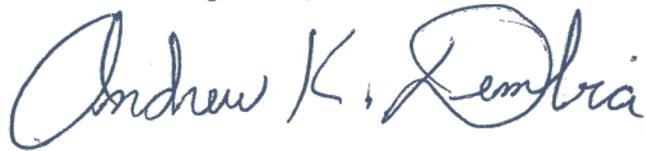
CONCLUSION

For all the foregoing reasons, PSE&G respectfully requests that the Board modify the Initial Decision and:

- 1 Reverse the ALJ's clearly erroneous interpretation of the 2007 Settlement Agreement and instead find that PSE&G may recover all of the Standard Offer lost revenues at issue in this matter;
2. Issue a Final Order granting the requests the Company seeks in its Motion, as amended by its October 17, 2007 update, including a determination that, pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.S.A. 48:3-60:

- A. The actual and forecast costs and expenses the Company seeks to recover for the applicable period were prudent and are appropriately recovered through the SBC and NGC;
- B. The electric SBC/NGC rates and gas SBC rates the Company proposed in its October 17th, 2007 update, Schedule GWS-2 (updated) are just and reasonable, and should be approved effective for service rendered on and after the date of the final BPU order in this matter, resulting in an increase in electric SBC/NTC rates of approximately \$89.816 million on an annual basis; and an increase in the gas SBC rates of approximately \$16.699 million on an annual basis.

Respectfully submitted,



C Attached Service List
Hon. Walter M. Braswell, ALJ



State of New Jersey

DEPARTMENT OF THE PUBLIC ADVOCATE

DIVISION OF RATE COUNSEL

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PO BOX 46005

NEWARK NJ 07101

JON S. CORZINE
Governor

RONALD K. CHEN
Public Advocate

STEFANIE A. BRAND
Director

July 10, 2008

Via Hand Delivery

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RE: Exceptions File

I/M/O The Motion Of Public Service Electric And Gas Company For Approval Of Changes In Its Electric And Gas Societal Benefits Charge Rates; For Change In Its Electric Non-Utility Generation Charge Rate, And For Changes In The Tariff For Electric Service And Changes In The Tariff For Gas Service

BPU Docket No. ER07050303 and GR07050304
OAL Docket No. PUC 9002-07

Dear Secretary Izzo:

Kindly accept, in lieu of a more formal brief, an original and ten copies of this letter as reply exceptions on behalf of the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") in the above captioned matter. This letter brief will address the exceptions taken by Public Service Electric and Gas Company ("PSE&G" or the "Company") to the Initial Decision of the Administrative Law Judge ("ALJ").

In addition, Rate Counsel has extensively briefed the issues in this proceeding, before the ALJ. This letter brief incorporates by reference and reiterates the positions taken by Rate Counsel in these briefs. Rate Counsel respectfully requests that the Board consider these briefs in addition to this letter brief in reaching its decision in this matter.

Introduction

PSE&G's exceptions to the Initial Decision revolve around the language of a stipulation of settlement signed by the Company, Board Staff and Rate Counsel in the Company's prior SBC proceeding.¹ ("2006 Settlement Agreement" or the "Agreement") PSE&G claims that the Initial Decision (1) violates the language and the intent of the 2006 Settlement Agreement, (2) is contrary to the evidence presented in this proceeding, and (3) is contrary to Board precedent. Furthermore, PSE&G claims that the ALJ erred in failing to recognize an additional \$39,916 in post June 2006 gas lost revenues embedded in the Company's response to a Rate Counsel discovery request. Rate Counsel will address each of these arguments below.

¹ I/M/O The Motion Of Public Service Electric And Gas Company For Approval Of Changes In Its Electric And Gas Societal Benefits Charge Rates; For A Change In Its Electric Non-Utility Generation Transition Charge Rate And For Changes In The Tariff For Electric Service BPUNJ No 14 Electric And Changes In The Tariff For Gas Service BPUNJ No 13 Gas Pursuant To N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, And N.J.S.A. 48:3-60, BPU Docket No. GR05080686, Decision and Order Adopting Initial Decision, Settlement and Joint Position, March 6, 2007.

1. The Plain Language Of The 2006 Settlement Agreement Requires That PSE&G's Lost Revenues From Before June 1, 2006 Be Disallowed.

The Company claims, without explanation, that the Initial Decision disallowing recovery for pre June 2006 lost revenues is contrary to the language of the 2006 Settlement Agreement. The Company cites to the plain language of the stipulation and then, ignoring the words, argues intent. The 2006 Settlement Agreement provides:

The Parties further agree that the forecasts of costs and revenues for the electric SBC / NTC and gas SBC and the actual results for these items, including the appropriateness of **any claimed lost revenues, from June 1, 2006 forward**, will be reviewed in the Company's next SBC and NTC filing. (emphasis added).

The Company claims that its intent in agreeing to this language was to document that the rates agreed to were based on actual data through May 31, 2006. *PSE&G Exceptions p.*

3. If this was the Company's intent, the plain language of the 2006 Settlement Agreement does not reflect this intent. The phrase "from June 1, 2006" must logically refer directly to the noun before it, (i.e., "claimed lost revenues"), rather than nouns placed earlier in the sentence (i.e., "forecasts of costs and revenues" or "actual results"). Had the parties intended for the date limitation to apply to the earlier nouns in that sentence, or to the whole sentence, the date limitation would have appeared elsewhere. The Company's interpretation of the 2006 Settlement Agreement cannot withstand a careful reading of the Agreement.

Moreover, as testified to at the evidentiary hearing by Rate Counsel's witness Andrea Crane, who participated in the earlier proceeding that resulted in the 2006

Settlement Agreement, it was Rate Counsel's intention, in signing this Agreement, that the issue of old lost revenues would be finally resolved.

In my testimony in this case I point out that we believe that this issue of lost revenues with regard to old invoices was resolved as a result of a stipulation. The stipulation in the case that I was questioned about, the parties agreed that they would examine claims by PSE&G for, and I will read it to you, it's from page 11 of my testimony in this case:

"The parties further agree that the forecasts of costs and revenues for the electric SBC/NTC and gas SBC and the actual results for those items, including the appropriateness of any claimed lost revenues, from June 1, 2006 forward, will be reviewed in the Company's next SBC filing."

I raised the issue of lost revenues in my testimony in the last case. We were told there were old invoices that the Company had just received. In the spirit of settlement we agreed to allow the rates to go into effect basically as filed on that issue, we didn't recommend a quantitative adjustment. Frankly, we thought we had put this issue to bed for anything prior to 2006.

T79:8-80:7.

Rate Counsel's intent in signing the 2006 Settlement Agreement is reflected in the language of the Agreement. The language is clear, only those revenues "lost" after June 1, 2006 would be considered in the Company's next SBC proceeding. The ALJ properly agreed with Rate Counsel and Board Staff that PSE&G was not entitled to recover lost revenues incurred prior to June 2006. On this issue, the Board should affirm the finding of the ALJ and deny PSE&G's claim for lost revenues incurred prior to June 2006.

2. Common Sense Supports Rate Counsel's Interpretation of the 2006 Settlement Agreement.

The Company next claims that because the ALJ's reading of the 2006 Settlement Agreement was at odds with the Company's accounting procedures, the ALJ's decision is "contrary to common sense." The fact that PSE&G agreed in a stipulation to something that was contrary to PSE&G's internal practices and procedures reflects perhaps a disconnect among the various departments at PSE&G, but is certainly not an error on the part of the ALJ. If, by signing this document, PSE&G has violated basic principles of regulatory accounting, again this is an issue for PSE&G to correct internally, not a cause for finding error on the part of the ALJ.

In the 2006 SBC proceeding the issue of the Company's "significant delay" in the recording of lost revenues was addressed. Accordingly, in the 2006 Settlement Agreement, Rate Counsel attempted to limit future lost revenue recovery. As we have seen in this proceeding, without some limitation on PSE&G's lost revenue recovery, the Company will continue to request recovery for lost revenues related to old unverifiable invoices and to the Company's admitted failure to accurately calculate its requested lost revenues. *See, e.g. RC-3* (The difference was caused by using incorrect lost revenue margins). It is only common sense that recovery of lost revenues cannot be based on negligence and mistake.

3. **The Initial Decision, Which Enforces The Terms Of a Previously Agreed Upon Settlement Agreement, Is Consistent With Board Precedent and With Board Policy.**

The Company claims that truing up lost revenues, like other expenses recovered through the SBC, is a long standing Board approved practice and policy. Even if that were true, that does not obviate the fact that the Company signed a stipulation agreeing to seek recovery only for lost revenues incurred after June 2006. PSE&G would have the Board overrule a Board-approved stipulation of settlement and repudiate long standing Board policy in favor of settlement, to allow recovery of PSE&G's claimed lost revenues in this proceeding.

Moreover, PSE&G's reliance on Board precedent and policy is misguided. In fact, the Board has determined that lost revenue recovery for New Jersey utilities "is no longer needed as an incentive for a utility to invest in energy efficiency and renewable energy which was the original rationale that supported this policy."² The Board in that proceeding found:

Therefore, the Board **HEREBY CONFIRMS** that the utilities have been provided with the opportunity to recover lost revenues through the end of 2003 and **HEREBY FINDS** that utilities will not be permitted to recover lost revenues for measures installed under New Jersey's Clean Energy Program subsequent to December 31, 2003. *Id.*

Thus, the Board has recognized that as the energy industry has changed, the policy that once supported recovery of lost revenues is now out-dated. PSE&G's request for lost revenues is similarly out-dated and should be denied.

² I/M/O Comprehensive Energy Efficiency and Renewable Energy Resource Analysis For 2005 – 2008, BPU Docket No. EX04040276, Funding Allocation and Program Budget, p.32, Dec. 23, 2004.

4. The Record Evidence Does Not Support PSE&G's Claim For An Additional \$39,916 in Lost Revenues.

PSE&G claims that the ALJ erred in disallowing the entire \$1,441,708 in lost gas revenues and argues that the ALJ overlooked evidence that established that \$39,916 of this \$1.4 million in lost revenues were post June 2006 lost revenues. In support of this position, PSE&G points to several pages attached to Exhibit RC-2.

Rate Counsel notes that the Company has pointed the Board to a discovery response comprised of twenty eight pages of columns of data: dates, numbers and amounts. Some of the column headings are in English and some are not (e.g., LVG Margin; 7X_GSGSavings; TSG-NF Margin). Apparently, what the Company expected the ALJ and the Board to do is to cull through these pages and determine which if any of the listed amounts were properly recoverable. This listing of amounts suffers from the same inadequacies as the listing provided in support of the Company's claimed \$159,708.00 in gas lost revenues, which was discussed at length in Rate Counsel exceptions to the Initial Decision. PSE&G has the burden of proof in this proceeding and that burden has not been met. The limited information provided by PSE&G in requesting recovery for the gas lost revenues at issue in this proceeding precludes the close scrutiny of the Company's accounts required in any BPU determination regarding the reasonableness of a utility's rates. I/M/O the Petition of Public Service Coordinated Transport, 5 N.J. 196, 218 (1950). The Board should reject PSE&G's claim that the record evidence supports additional recovery of \$39,916 in gas lost revenue

CONCLUSION

The ALJ properly decided that pursuant to the terms of the 2006 Settlement Agreement, PSE&G was denied recovery of all pre June 2006 lost revenues. As discussed in Rate Counsel's Exceptions to the Initial Decision, the ALJ erred in concluding that the Company had adequately supported its claim for \$159,708 in gas lost revenues. Rate Counsel takes exception to this conclusion of the ALJ and respectfully requests that the Board reject that portion of the Initial Decision and disallow recovery of the total amount of \$1,753,775 in lost revenues.

Respectfully submitted,

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July 10, 2008

Kristi Izzo, Secretary
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Re: In the Matter of Public Service Electric and Gas Company's Motion for Changes in its Electric and Gas Societal Benefits Charge Rates; for a Change in its Electric Non-Utility Generation Charge Rate, and for Changes in the Tariff for Electric Service B.P.U.N.J. No 14 Electric and Changes in the Tariff for Gas Service B.P.U.N.J. No. 14 Gas

**BPU Docket Nos. ER07050303 AND GR07050304
OLA Docket No. PUC 09002-07**

Dear Secretary Izzo:

Staff of the New Jersey Board of Public Utilities (Staff) has received the Initial Decision dated June 18, 2008 in the above matter as well as Public Service Electric and Gas Company's (PSE&G) July 2, 2008 Exceptions and the Department of the Public Advocate, Division of Rate Counsel's (RC) July 2, 2008 Exceptions. Staff files the enclosed reply exception in response to PSE&G's exceptions. Staff urges the Board to deny the relief sought by PSE&G.

PSE&G in its Exceptions to the Initial Decision has stated the following:

As the ALJ found, the Company's right to recover Standard Offer lost revenues is beyond dispute. May 12 Order at p.4. However, the results of the ALJ's incorrect interpretation of the 2007 Settlement Agreement would lead to a disallowance of lost revenues, in direct contradiction to prior Board Orders. Moreover, the ALJ's decision is contrary to the Board's long-standing practice



and precedent to allow true-up and correction of prior-period calculation errors in the context of resetting clause rates like the SBC.

While PSE&G is correct that the Board has previously allowed for true-ups of prior periods, PSE&G continues to shade the facts regarding the nature of the so-called true-ups it made in 2006. As set forth in Staff's Initial and Reply Briefs to the ALJ, which are incorporated by reference as if fully set forth herein, what PSE&G is claiming is not a true-up. As stated in the Board Order that approved Standard Offer 1:

That is, for a given cycle, a utility will forecast program costs, lost revenues, and standard offer payments which it believes it will incur and be entitled to recover. Then, after the fact, it will calculate actual values and true-up against what was included in rates on a forecasted basis. [Exhibit S-1, p. 51]

As PSE&G's own witness explained during cross-examination at the evidentiary hearing, invoices were not submitted to the group that handles or calculates lost revenues. Mr. Schirra could provide no reason why they were not calculated. (1T 39-18 to 25). The booking made by PSE&G in October 2006 in the amount of \$1,441,708 was not a true-up or corrections of prior-period calculations, but the result of PSE&G's error and oversight.

Staff notes that while the ALJ's Initial Decision is based in part on the 2007 Settlement Agreement in PSE&G's prior SBC case ("2007 Settlement Agreement"), disallowance of the PSE&G's claim for \$1,441,708 should also be based on the PSE&G's lack of diligence managing its fiduciary obligation to ratepayers, who ultimately pay for lost revenues. As set forth in Staff's Initial and Reply Briefs, PSE&G had a responsibility to notify the Board of any inefficiencies of its procedures and possible corrective action. PSE&G chose to make no such notification.

For all the foregoing reasons and as set forth in Staff's Initial and Reply Briefs, the Board

should deny the relief sought in PSE&G's exceptions.

Sincerely yours,

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

By: /S/ Geoffrey Gersten
Geoffrey R. Gersten
Deputy Attorney General

c: Service List

**M/O the Motion of PSE&G for Approval of Changes in its Electric and Gas Societal Benefits Charge Rates; for Changes in its Electric Non-Utility Generation Charge Rate; and For Changes in the Tariff for Electric Service B.P.U.N.J. No 14 Electric and Changes in the Gas Tariff for Gas Service B.P.U.N.J. No. 14 Gas
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